

UTILITY ADVISORY BOARD

Thursday, March 20, 2014

8:00 a.m.

Grand Rapids Water Building, 1900 Oak Industrial Drive NE

AGENDA

1. Introduction of new member – Caledonia Township
2. Approval of Minutes – February 20, 2014 (attached)
3. Public Comment on Agenda Items
4. Quarterly Financial Reports
 - Q2-FY14 Operational Graphs (attached)
 - Q2-FY14 Financial Reports (to be provided at meeting)
5. FY2015 Preliminary Operating Budget Review (attached)
 - a. Water Supply System
 - b. Sewage Disposal System
6. EMA Study Executive Summary (attached)
7. ACSET Eligibility Guidelines (attached)
8. Option to add final account Add-to-Tax (Lien) amounts to 2014 Summer Tax Bills
9. Contract Awards for February, 2014 (attached)
10. Updates:
 - a. 3-1-1 / Customer Information System
 - b. Rate Review Sub-Committee
 - c. Annual Water Quality Report
11. Items from Members
12. Next Meeting – Thursday, April 17 - where?
13. Adjournment

**Utility Advisory Board
February 20, 2014**

1. Call to Order:

The meeting was called to order by Eric DeLong, at 8:00 a.m. at Grand Rapids Water Office, 1900 Oak Industrial Drive, NW.

2. Attendance:

Members Attending:

Eric DeLong
Geri Eye
George Haga
Wayne Jernberg
Mike Lunn
Pam Ritsema
Ed Robinette
Chuck Schroeder
Breese Stam (alternate)
Ben Swayze
Joellen Thompson
Cathy VanderMeulen
Ron Woods
Josh Westgate

Others Attending:

John Allen
Nancy Meyer
Nicole Pasch

Members Absent:

Mark DeClercq
Brian Donovan
Toby VanEss

3. Approval of Minutes:

Nancy Meyer noted that there was one correction to be made to the minutes. In #5- Individual Circuit Breaker, it should say that we are in the “third” year of a three-year contract, not the second year.

Motion 14-02: Ed Robinette, supported by Cathy VanderMeulen, moved to approve the minutes of the January 16, 2014, Utility Advisory Board meeting as corrected. Motion carried.

4. Public Comment: There was no public comment.

5. FY2015 Preliminary Capital Budget Review

Water System - Joellen Thompson reported that this represents an effort by staff to coordinate with other City departments on several projects. Wayne Jernberg and Arden Postma are evaluating water main projects to determine future needs by looking at the

probability of failure and whether there are critical sites such as hospitals or other infrastructure in the area. Wayne Jernberg reported that we have about 40-45 years of data on past main breaks and leaks to inform this work. They are looking at another program that may be better for doing this type of rating for the future. Eric DeLong noted that this is consistent with the asset management approach we are taking now with everything in the City. He asked communities to please be sure to coordinate with City staff if there are street projects or other projects in their communities.

Mr. DeLong noted that it looks like the next three years are pretty level with the amount of capital projects. Wayne Jernberg noted that the spike in the 4th year is for a project out at the Lake Michigan Filtration Plant, replacing equipment that is pretty much at the end of its useful life. Also, we have been working to revise our DWRF Plan, and a public hearing will be held on March 22.

Cathy VanderMeulen asked if there is a way to figure how these amounts impact the rates. Eric DeLong noted that this could be calculated if she would like. She would like to see this for FY15 and FY16 since they have some larger projects coming up. Geri Eye will work to provide this information.

Sewage Disposal System – Chuck Schroeder noted that the list of their projects is very close to what Water provided. There are some big projects coming up in later years. Godfrey Avenue is one that will be very large, but this will only impact Grand Rapids. He noted that there are flow monitors out collecting data on Plaster Creek to better firm up the numbers better for that project.

Mike Lunn noted that since 2000 the dry weather flow has dropped in Plaster Creek. Instead of just increasing the size of the pipes when there are capacity issues, we now try to take the clear water out of the pipes first to provide capacity. There are only a couple CSO projects left. We are now trying to cash fund these projects as much as possible rather than having to bond.

Eric DeLong noted that rate impacts could be calculated here as well. He noted that Gaines Township is not included and they use Plaster Creek. Mr. Schroeder indicated that he will take a look at this further.

Operating budgets will be reviewed at the next meeting.

6. Proposed Addendum I to Wholesale Agreement with Caledonia

Pam Ritsema reported that we staff, along with Attorney Dick Wendt, have been working with Caledonia Township for several months now. The Addendum defines how the billing will occur, how the ten-year phase in works, and the minimum flow they are required to send to the City during the phase in. The flow will need to pass through Gaines Township, and there is a 3-party agreement that defines how this will happen. It is included as an Exhibit to the agreement.

The action item today is for the UAB to recommend to the City Commission the execution of this agreement.

Eric DeLong noted that staff reviewed and approved the USD map and the USD and the UUB are the same area.

Ron Woods noted that his earlier questions have all been answered.

Todd Boerman, Engineer for Caledonia Township, appeared and noted that the process took some time, but all have been good to work with.

Eric DeLong noted that if the connection isn't completed prior to December 31, 2014, the contract would terminate.

Motion 13-16 postponed from November 21, 2013, and extended to this meeting was brought forward: Ed Robinette, supported by Cathy VanderMeulen, recommended approval of the Addendum I to Wholesale Agreement with Caledonia Township to the Grand Rapids City Commission for approval. Motion carried.

Eric indicated that this will probably go to City Commission on March 11, 2014.

7. Contract Awards for January, 2014

There were no contract awards made in January.

8. Updates:

EMA Study – Pam Ritsema reported that they are now working on how to implement. They still plan to present on this at the March meeting.

3-1-1 – There were 1,902 walk-up payments taken during the month of January. 3-1-1 has not begun to take Public Services calls. Their volume is also high so it may lower our costs somewhat since it is based on the percent of calls taken. Eric DeLong noted that using 3-1-1 has improved customer service and allows us to determine what happens to each individual call.

Sewer Use Ordinance – Mike Lunn reported that ordinances have now been approved and forwarded from all customer communities. We can now report to DEQ that this is complete.

Rate Review Sub-Committee – Eric DeLong indicated that the sub-committee will meet tomorrow. They will be talking about scope and will review where we have been over the last 15 years. He suspects this work may take some time to complete.

9. Items from Members:

Mike Lunn reported that the Cromerr application (cross media electronic reporting) has been approved by the EPA. We were published Monday in the Federal Register as being approved. Industrial users will now be able to provide their information online rather than doing them on paper and submitting to us to be input electronically.

Mr. Lunn also noted that they are keeping an eye on the weather. They have been cleaning catch basins since last week as they can. The river is also being watched closely.

Mr. Lunn reported that the GVRBA reports show that the solids are up for Grand Rapids this year so our budget may be higher, but it should level out again in the next year.

Joellen Thompson reported that they have been very busy in water as well. There have been lots of frozen services and main breaks this season. They have received requests from other communities such as Lansing and Kalamazoo for assistance which we were unable to accept as our capacity has been maxed out as well. Water staff are also working with the Fire Department to help with clearing fire hydrants as they can.

10. Next Meeting:

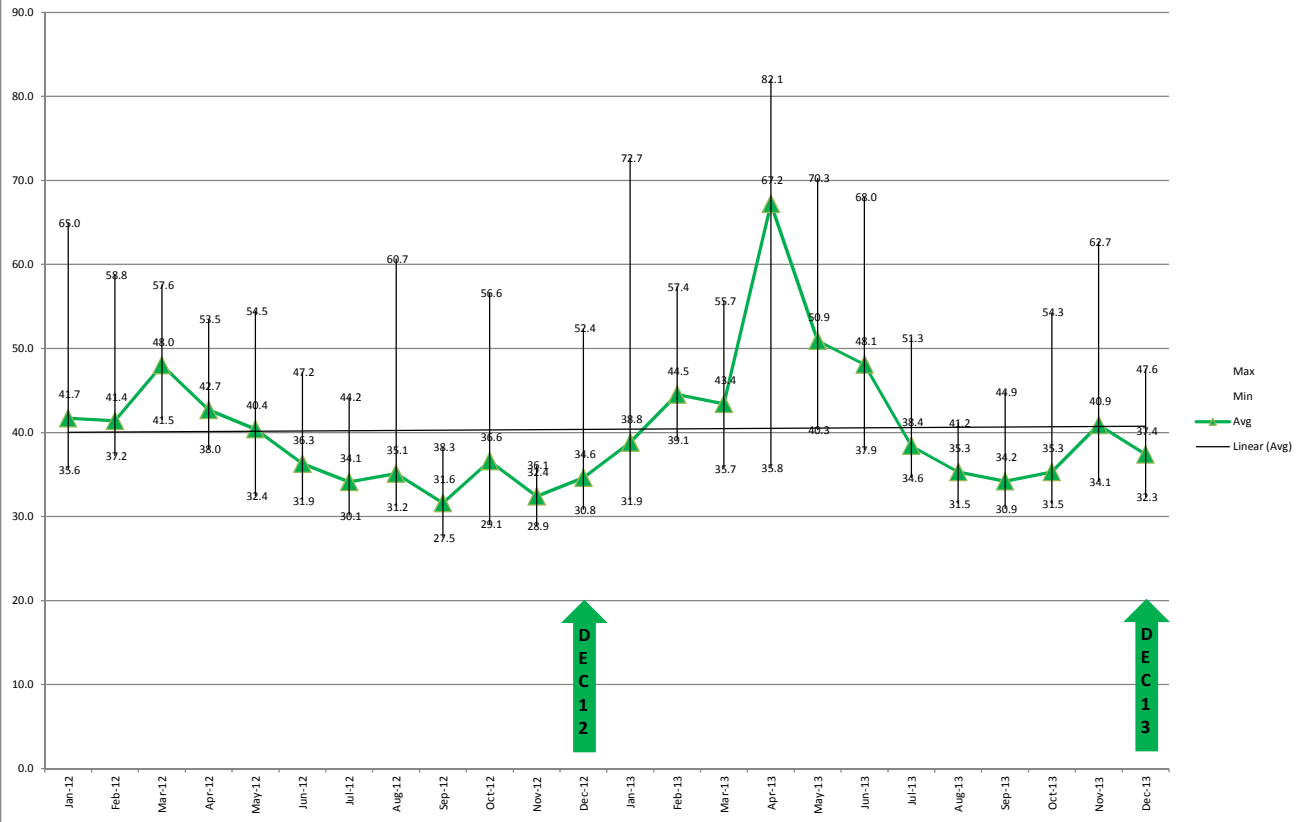
The next meeting of the Utility Advisory Board is scheduled for Thursday, March 20 and will be held at the Grand Rapids Water Office, 1900 Oak Industrial Drive NE.

11. Adjournment

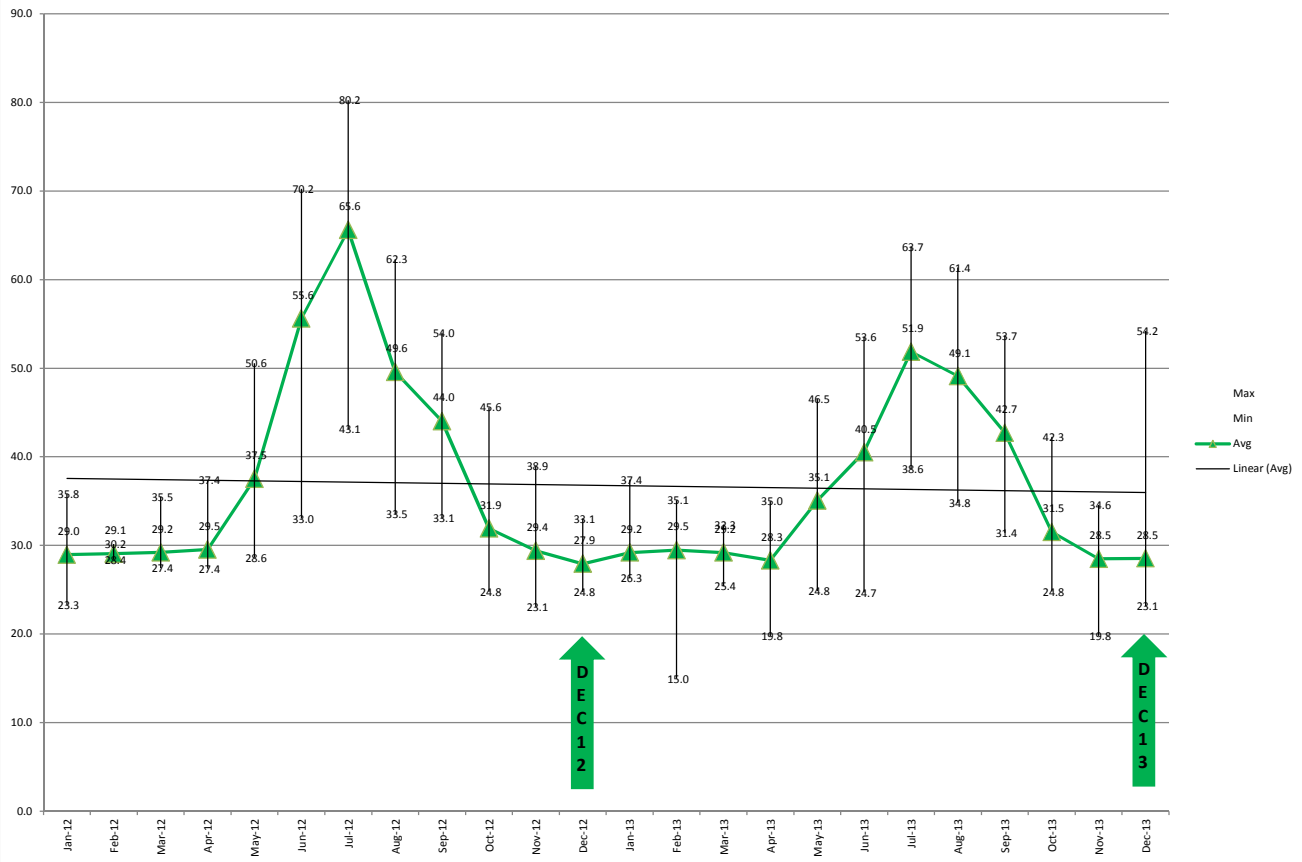
The meeting was then adjourned.

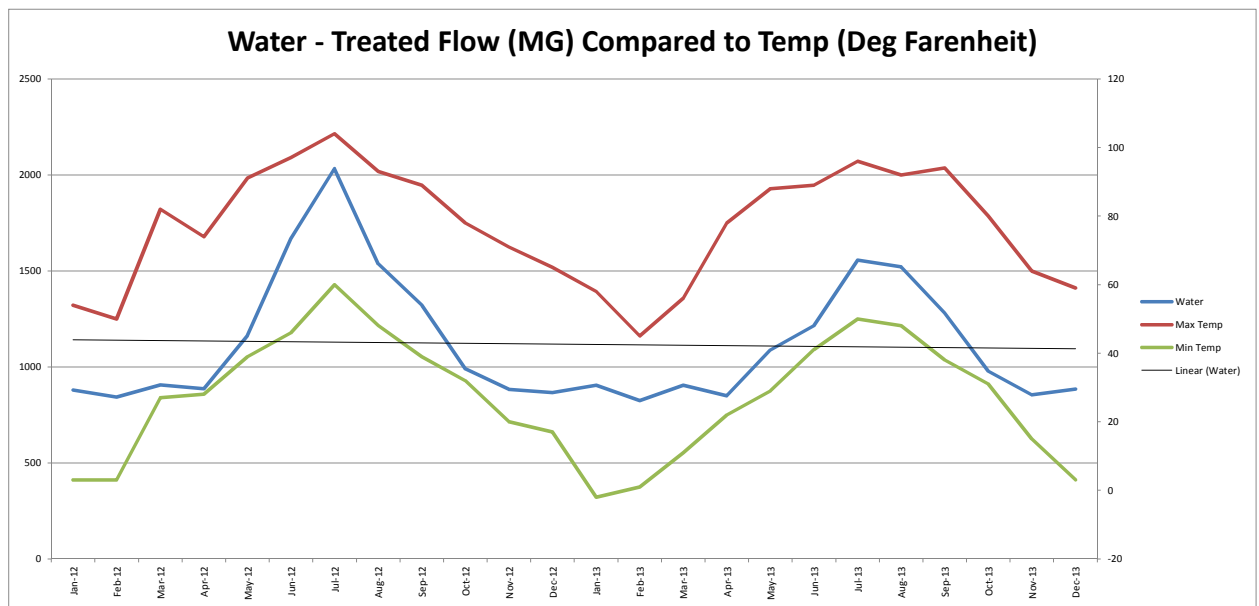
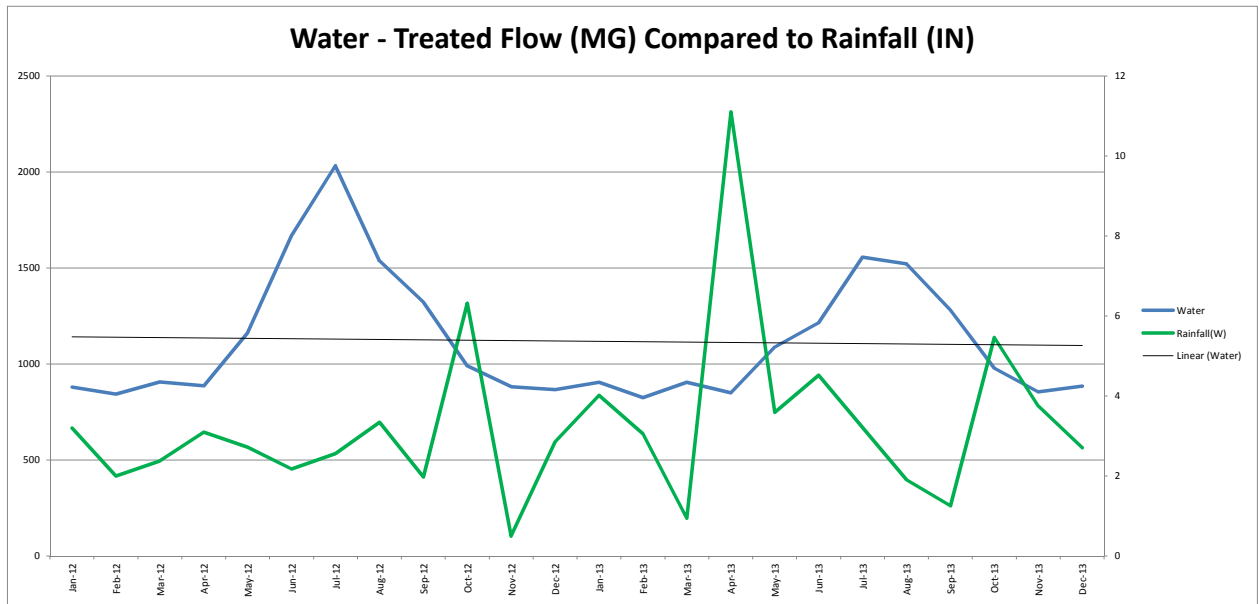
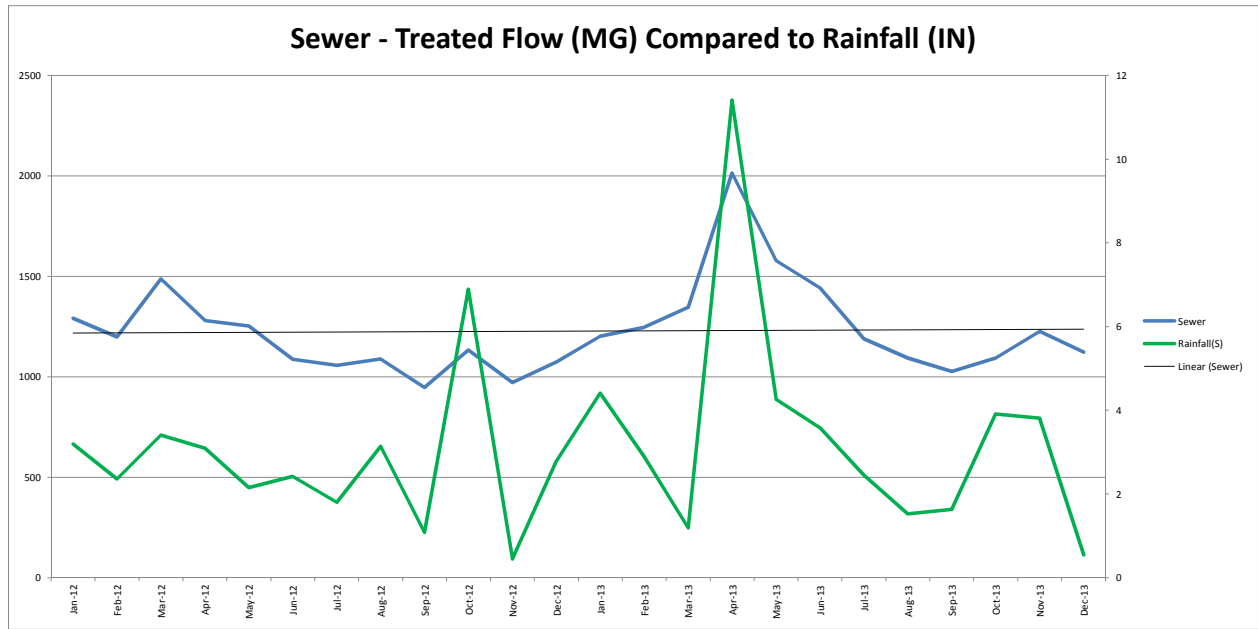
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Sewer - Treated Flow (MGD)

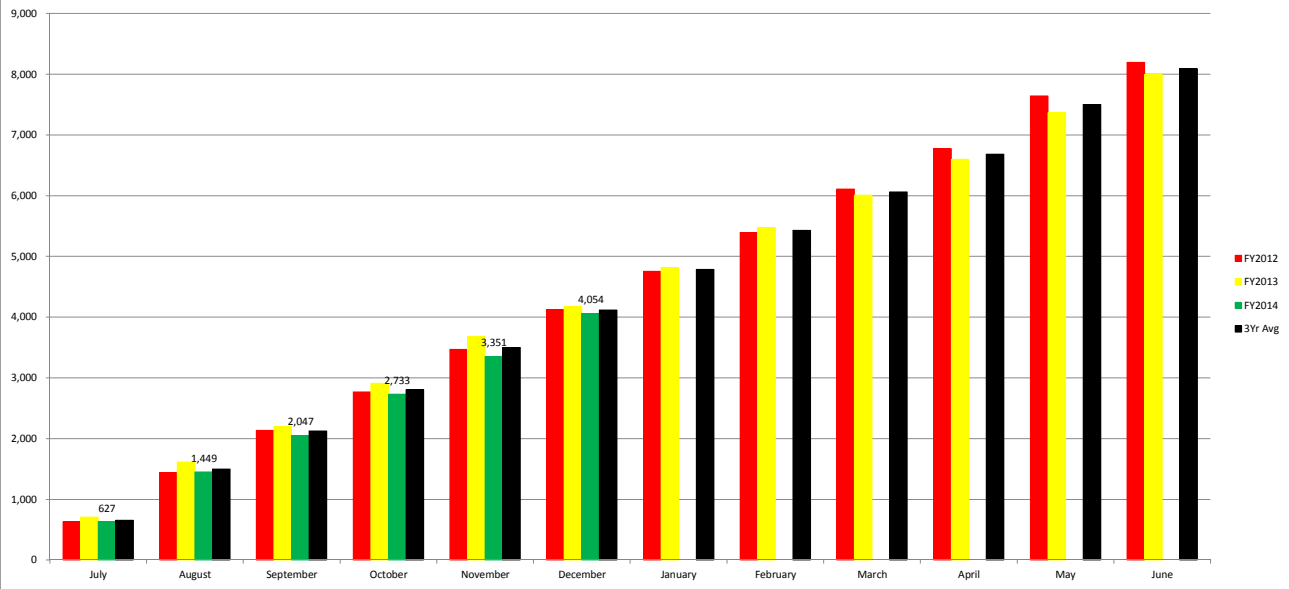


Water - Treated Flow (MGD)

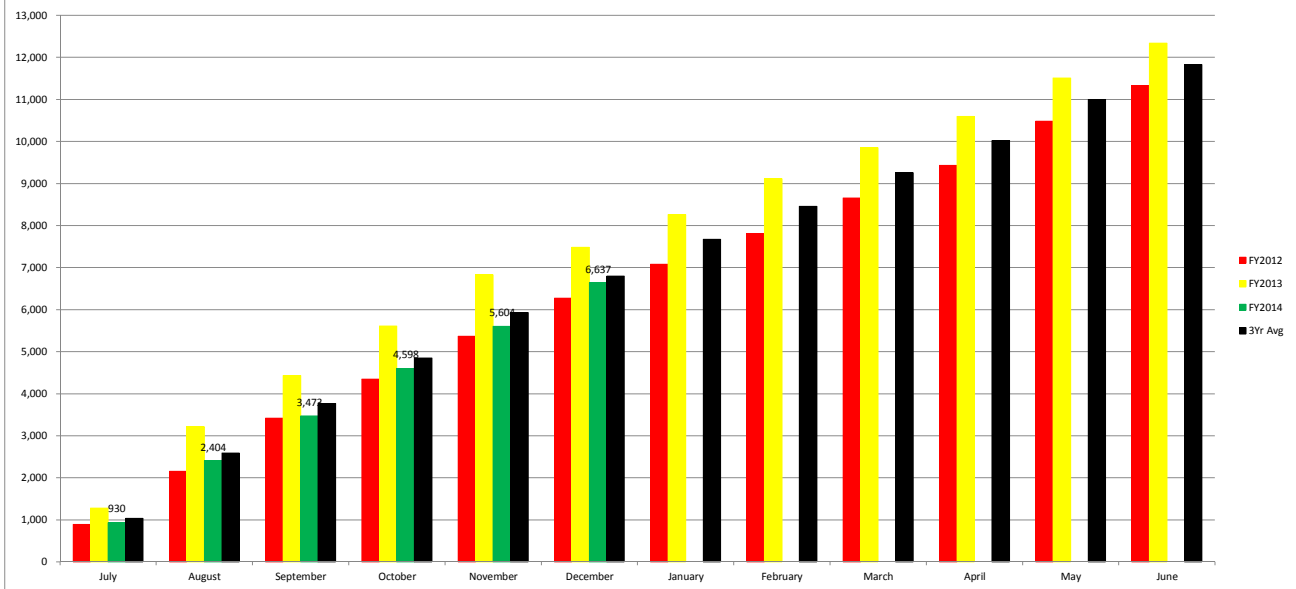




Sewer - YTD Billed Flow (MG)



Water - YTD Billed Flow (MG)



WATER SUPPLY SYSTEM FUND (DEPT 43) - REVENUE VARIANCES

Subfunds	2014 Adopted	2015 Adopted	Variance	% Change	Comments
RECEIVING/OPERATIONS (ENWSS500)					
451006 CONTRACTOR UNDERGROUND LICENSE	6,000	7,000	1,000	16.7%	FY15 aligned with actuals; minimal changes in fees More consistent timely billings due to Cityworks data Increased development activity Average over last 5 years Increased development activity
476012 TAPPING PERMITS	6,000	7,000	1,000	16.7%	
607001 MISCELLANEOUS SERVICE FEES	550,000	502,976	(47,024)	(8.5%)	
607033 SERVICES FOR CONTRACTORS	75,000	91,120	16,120	21.5%	
607050 INSPECTION FEES - UTILITIES	30,000	58,884	28,884	96.3%	
607051 FRONT FOOTAGE	150,000	80,616	(69,384)	(46.3%)	
607052 METER SETTING FEES	36,000	38,362	2,362	6.6%	
607053 INTEGRATED CONNECTION FEES	700,000	819,121	119,121	17.0%	
607111 FIRE HYDRANT BILLINGS	62,000	62,693	693	1.1%	
642009 SALE OF SCRAP MATERIAL	0	26,118	26,118	100.0%	
642011 RETAIL METERED WATER SALES	37,240,390	35,683,535	(1,556,855)	(4.2%)	Known half-year rate decrease & projected volume decrease results in projected decreases in retail & wholesale sales.
642012 WHOLESALE WATER SALES	3,797,433	3,638,678	(158,755)	(4.2%)	Known half-year rate decrease & projected volume decrease results in projected decreases in retail & wholesale sales.
642013 WYOMING WATER SALES	14,000	14,202	202	1.4%	Budgeted at FY13 actual + 2% per UFO recommendation. Budgeted at FY13 actual + 2% per UFO recommendation. New revenue from Patterson Tank and contract changes
642024 UNMETERED WATER SALES	130,000	115,031	(14,969)	(11.5%)	
659002 WATER PENALTIES	1,400,000	1,213,742	(186,258)	(13.3%)	
667003 RENTALS - FACILITIES	516,371	561,000	44,629	8.6%	
672002 INTEREST/PENALTIES ON SPEC ASSM	14,000	15,429	1,429	10.2%	Water Customer Service billings to SDS: Modest increase due to UBO and Cayenta cost projections (software upgrade & managed services.)
699001 OPERATING TRANSFERS IN-SUBSIDY	1,933,471	2,156,684	223,213	11.5%	
RECEIVING/OPERATIONS Total	46,660,665	45,092,191	(1,568,474)	(3.4%)	
TREASURER (040000000000)					
RECEIVING/OPERATIONS (ENWSS500)					
665001 INTEREST ON INVESTMENT	110,000	140,000	30,000	27.3%	
RECEIVING/OPERATIONS Total	110,000	140,000	30,000	27.3%	
ENWSS FUND - Total	46,770,665	45,232,191	(1,538,474)	(3.3%)	

WATER SUPPLY SYSTEM FUND (DEPT 43) - EXPENSE VARIANCES

Subfunds	2014 Adopted	2015 Adopted	Variance	% Change	Comments
RECEIVING/OPERATIONS (ENWSS500)					
7020 PERMANENT EMPLOYEES	6,924,261	7,034,735	110,474	1.6%	Projected pay increase; step increases; position substitutions
7025 ACT.ASSIGNMENT	12,000	11,600	(400)	(3.3%)	
7040 TEMPORARY EMPLOYEES	0	94,529	94,529	100.0%	2 Meter Reader I positions (20 hrs/wk @ \$15.33/hr X 40 Wks = \$12,265 each), & \$70,000 for seasonal hydrant work due to temp employee driving restrictions at temp agency
7050 REGULAR HOURLY RATE	7,100	7,000	(100)	(1.4%)	
7055 TIME & ONE-HALF	375,110	354,227	(20,883)	(5.6%)	OT higher in FY14 due to Operator position vacancies. Additional reductions to be made with shift changes/revisions under the Competitive Assessment.
7105 EMPLOYERS SOCIAL SECURITY	566,644	570,018	3,374	0.6%	
7110 HOSPITALIZATION INSURANCE	1,500,259	1,635,132	134,873	9.0%	Rate is unchanged from FY14 - 7.65%; increase tracks with wages
7115 RETIREE HEALTH CARE	977,699	865,272	(112,426)	(11.5%)	Yearly rate increased from \$11,918.64 in FY14 to \$13,112.00 in FY15
7120 RETIREMENT FUND CONTRIBUTION	1,454,560	1,776,580	322,020	22.1%	Yearly rate decreased from 13.98% in FY14 to 12.30% in FY15
7125 SPECIAL PENSION BENEFITS	14,118	9,493	(4,625)	(32.8%)	Yearly rate increased from 21.14% in FY14 to 25.53% in FY15
7135 UNEMPLOYMENT COMPENSATION	9,791	10,849	1,058	10.8%	Rate is unchanged from FY14 - 0.14%
7150 LONGEVITY PAY	69,170	0	(69,170)	(100.0%)	
7160 TEMPORARY	6,132	0	(6,132)	(100.0%)	FY2014 is final year/payment
7165 SHIFT DIFFERENTIAL	19,300	22,477	3,177	16.5%	Moved to 7040;
7199 DEFAULT PAYROLL	(59,306)	0	59,306	(100.0%)	FY14: Adjust to Prelim Fiscal Plan; Fin Systems Admin (11503)-set back to 50/50 WSS/SDS (not 100% WSS).
SUBTOTAL - PERSONAL SERVICES	11,876,838	12,391,912	515,074	4.3%	
7260 SUPPLIES	1,351,000	1,351,623	623	0.0%	Increase in treatment chemical costs but offset by decrease in supply budget at Coldbrook. Includes PC Replacement
7300 POSTAGE	180,150	850	(179,300)	(99.5%)	Postage is now included in 8180 contractual services as we pay through our 3rd party printer.
7680 CLOTHING	2,500	3,000	500	20.0%	
8140 COMPUTER SERVICES	679,688	675,577	(4,111)	(0.6%)	Per exhibit
8150 311 Call Center Services	525,526	535,750	10,224	1.9%	Per exhibit
8160 ENGINEERING SERVICES	51,167	57,217	6,050	11.8%	Per exhibit - FY15 Includes Charges for Asset Management Plan
8180 CONTRACTUAL SERVICES	1,075,224	1,540,496	465,272	43.3%	FY15 includes Comprehensive Master Plan Update, EMA GIS cost, higher traffic control costs, postage moved from 7300 (now paid thru 3rd party printer), tank inspection services, environmental consulting services, Customer Information System full version upgrade, Cayenta Managed Service (overall CIS maintenance and Disaster Recovery of info). Breakdown of select costs: Contract ISC \$132,400, Printer/Postage \$295,000, Comprehensive Master Plan 5-year update \$250,000, Cayenta Managed Services \$46,800, Harris Optimization of Modules \$20,000, CIS Annual Support and Maintenance Fee \$136,352, Cayenta Upgrade to 7.6 \$217,190.
8355 CLAIMS	292,422	278,460	(13,962)	(4.8%)	
8450 INSURANCE PREMIUMS	175,746	167,913	(7,833)	(4.5%)	Per exhibit
8500 TELEPHONE	56,388	61,168	4,780	8.5%	Per exhibit
8510 Employee Phone Reimbursement	0	2,854	2,854	100.0%	More technology in the field results in increased data charges.
8800 COMMUNITY PROMOTION	2,000	3,000	1,000	50.0%	New OL3 in FY15
9000 PRINTING & PUBLISHING	5,500	4,500	(1,000)	(18.2%)	Educational programs for water conservation & stormwater management
9210 ELECTRICITY	3,545,000	3,235,000	(310,000)	(8.7%)	Educational programs; Tag Notices left for customers, business cards, Preliminary Rate Study Book, and Final Rate Study Book
9220 WATER	5,200	4,850	(350)	(6.7%)	The addition of Patterson tank, the VFD's at East Paris and early SCADA work will decrease KW usage if volume is unchanged. Based on 3 year avg., 5% rate inc.
9230 NATURAL GAS	382,500	350,000	(32,500)	(8.5%)	Is for sewer charges only.
9300 MAINTENANCE SERVICE	665,052	845,089	180,037	27.1%	Recalibrated FY15 based on past usage
9330 PAVEMENT REPAIR	1,336,000	1,321,000	(15,000)	(1.1%)	\$55K for full diving inspection of intakes and cribs at LMFP; FY15 amount includes parking expansion and renovations of office layout for Business Office staff coming to OLD; meters and brass meter fittings; as the economic turnaround continues more meter installations will be needed; Inclusive in FY15 meter costs are 2 large size meters for Aquinas College to allow for adequate Fire Protection in the area-\$25,000 each.
9420 EQUIPMENT RENTALS OR LEASE	1,155,435	1,286,330	130,895	11.3%	Slightly under exhibit amount due to returned vehicles and equipment; FY15 includes non-pooled equipment
9430 LAND RENTAL OR LEASE	3,000	2,500	(500)	(16.7%)	
9440 VEHICLE USAGE/CAR MILEAGE	23,269	50,667	27,398	117.7%	3-1-1 Chaser Tickets at \$32,000/yr, Meter Reader mileage reimbursement of \$9,270, parking card fees \$150, and other mileage reimbursement \$515.
9550 PROFESSIONAL DEVELOPMENT	14,300	15,000	700	4.9%	
9552 OTHER TRAVEL & TRAINING	23,000	24,000	1,000	4.3%	Increased training for new positions and increased use of technology.
9554 LOCAL BUSINESS EXPENSE	1,000	1,100	100	10.0%	Oracle training for Water IT staff
9556 MEMBERSHIPS	45,047	45,047	0	0.0%	
9558 SUBSCRIPTIONS AND PUBLICATIONS	3,000	3,000	0	0.0%	
9610 FEES	2,000	2,000	0	0.0%	
9616 ADMINISTRATIVE SERVICES	160,000	160,000	0	0.0%	Individual Circuit Breaker funding for ACSET
9622 REFUSE COLLECTION CHARGES	8,500	4,100	(4,400)	(51.8%)	
9750 FURNITURE	5,000	5,000	0	0.0%	Recalibration of FY15 and future costs based on current monthly billings
9760 EQUIPMENT	429,500	240,000	(189,500)	(44.1%)	Budgeted additional in FY14 for stockroom improvements, shoring equipment and moved PC replacement to supplies 7260.
9765 SOFTWARE	0	6,600	6,600	100.0%	
9950 INTEREST & PAYING AGENT FEES	5,369,864	4,927,514	(442,350)	(8.2%)	AutoCAD Lite TimeClock Maximo licensing
9960 APPROPRIATION LAPSE	(1,020,000)	(1,010,000)	10,000	(1.0%)	Accrual basis debt service - Junior (DWRf's) and Senior debt (Revenue Bonds); SRF's (assumed at max principal with no debt forgiveness)
9992 OPERATING TRANSFERS-A87 COST	1,000,266	485,910	(514,356)	(51.4%)	4% lapse calculated by CBO
9993 OPERATING TRANS-CAPT PROJECTS	5,050,000	5,971,000	921,000	18.2%	Per exhibit; favorable rollforward adj (\$151K); favorable termination payout adj (\$112K); less citywide expense to allocate overall; lower allocation bases (headcount, total exp., etc.)

WATER SUPPLY SYSTEM FUND (DEPT 43) - EXPENSE VARIANCES

Subfunds	2014 Adopted	2015 Adopted	Variance	% Change	Comments
RECEIVING/OPERATIONS (ENWSS500)					
9994 OPERATING TRANS-DEV CENTER	22,691	23,256	565	2.5%	Per exhibit
SUBTOTAL - OTHER EXPENDITURES	22,626,935	22,681,371	54,436	0.2%	
RECEIVING/OPERATIONS Total	34,503,773	35,073,283	569,510	1.7%	
TREASURER (040000000000)					
RECEIVING/OPERATIONS (ENWSS500)					
7020 PERMANENT EMPLOYEES	173,551	159,690	(13,862)	(8.0%)	
7105 EMPLOYERS SOCIAL SECURITY	13,352	12,216	(1,136)	(8.5%)	
7110 HOSPITALIZATION INSURANCE	38,736	39,860	1,125	2.9%	
7115 RETIREE HEALTH CARE	24,458	19,642	(4,817)	(19.7%)	
7120 RETIREMENT FUND CONTRIBUTION	36,985	40,769	3,784	10.2%	
7135 UNEMPLOYMENT COMPENSATION	245	224	(21)	(8.7%)	
7150 LONGEVITY PAY	1,401	0	(1,401)	(100.0%)	
7260 SUPPLIES	4,500	4,500	0	0.0%	
7300 POSTAGE	0	1,000	1,000	100.0%	
8140 COMPUTER SERVICES	22,633	18,523	(4,110)	(18.2%)	
8150 311 Call Center Services	10,101	5,851	(4,250)	(42.1%)	
8180 CONTRACTUAL SERVICES	28,000	20,000	(8,000)	(28.6%)	
8355 CLAIMS	2,988	2,813	(175)	(5.9%)	
9300 MAINTENANCE SERVICE	0	500	500	100.0%	
9410 BUILDINGS RENTALS OR LEASE	7,521	7,894	373	5.0%	
9440 VEHICLE USAGE/CAR MILEAGE	0	10,000	10,000	100.0%	
9610 FEES	55,000	70,000	15,000	27.3%	
9760 EQUIPMENT	0	330	330	100.0%	
RECEIVING/OPERATIONS Total	419,472	413,812	(5,660)	(1.3%)	
4480WSS ENERGY & SUST-WATER SYSTEM					
8180 CONTRACTUAL SERVICES	23,200	23,896	696	3.0%	
8800 COMMUNITY PROMOTION	200	206	6	3.0%	
9000 PRINTING & PUBLISHING	600	618	18	3.0%	
9550 PROFESSIONAL DEVELOPMENT	1,400	1,442	42	3.0%	
9554 LOCAL BUSINESS EXPENSE	200	206	6	3.0%	
9556 MEMBERSHIPS	1,000	1,030	30	3.0%	
9558 SUBSCRIPTIONS AND PUBLICATIONS	200	206	6	3.0%	
4480WSS ENERGY & SUST-WATER SYSTEM Subtotal	26,800	27,604	804	3.0%	
ENWSS Fund - Total	34,950,045	35,514,699	564,654	1.6%	

Dept. Budget Variance by Subfund - Revenue
Budget 2015, Version 1
ENVIRONMENTAL PROTECTION (440000000000)

ENVIRONMENTAL PROTECTION (SEWER FUND) - VARIANCES

		2014	2015			
Subfunds		Adopted	Adopted	Variance	% Change	Comments
RECEIVING/OPERATIONS (ENSDS500)						
476009	INDUSTRIAL PRETREATMENT PERMITS	65,800	68,900	3,100	4.7%	As users go to flow proportioned sampling invoices are lower.
607001	MISCELLANEOUS SERVICE FEES	10,000	3,000	(7,000)	(70.0%)	
607050	INSPECTION FEES - UTILITIES	20,000	20,400	400	2.0%	
607051	FRONT FOOTAGE	45,000	45,900	900	2.0%	
607053	INTEGRATED CONNECTION FEES	660,000	673,200	13,200	2.0%	
607055	RETAIL SEWAGE SERVICE	46,717,229	47,651,534	934,305	2.0%	
607056	WYOMING SEWAGE SERVICE	90,000	91,800	1,800	2.0%	
607057	INDUSTRIAL DISCHARGE AUTHORIZAT	24,800	24,800	0	0.0%	
607060	WHOLESALE SEWAGE SERVICE	1,831,609	1,868,241	36,632	2.0%	
607074	SEWAGE SURCHARGE	2,370,900	2,015,265	(355,635)	(15.0%)	
642019	INVENTORY WITHDRAWALS (SALES)	15,000	42,500	27,500	183.3%	GVRBA Reimbursement
672002	INTEREST/PENALTIES ON SPEC ASSM	10,000	10,000	0	0.0%	
676001	REFUNDS - EXPENDITURES	5,000	5,000	0	0.0%	
676007	EXPENDITURE - REIMBURSEMENT	705,000	810,000	105,000	14.9%	
694014	MISCELLANEOUS OTHER	20,000	20,000	0	0.0%	
RECEIVING/OPERATIONS Total		52,590,338	53,350,540	760,202	1.4%	

		2014	2015			
Subfunds		Adopted	Adopted	Variance	% Change	Comments
RECEIVING/OPERATIONS (ENSDS500)						
7020	PERMANENT EMPLOYEES	5,727,309	5,832,880	105,570	1.8%	Rate is unchanged from FY14 - 7.65%; increase tracks with wages Yearly rate increased from \$11,918.64 in FY14 to \$13,778.00 in FY15 Yearly rate decreased from 13.98% in FY14 to 11.92% in FY15 Yearly rate increased from 21.14% in FY14 to 25.53% in FY15
7025	ACT.ASSIGNMENT	9,500	13,000	3,500	36.8%	
7055	TIME & ONE-HALF	132,000	107,160	(24,840)	(18.8%)	
7105	EMPLOYERS SOCIAL SECURITY	457,778	456,454	(1,324)	(0.3%)	
7110	HOSPITALIZATION INSURANCE	1,237,787	1,418,624	180,838	14.6%	
7115	RETIREE HEALTH CARE	807,709	695,335	(112,374)	(13.9%)	
7120	RETIREMENT FUND CONTRIBUTION	1,197,509	1,469,865	272,356	22.7%	
7125	SPECIAL PENSION BENEFITS	14,118	9,493	(4,625)	(32.8%)	
7135	UNEMPLOYMENT COMPENSATION	10,780	8,167	(2,613)	(24.2%)	
7150	LONGEVITY PAY	50,107	0	(50,107)	(100.0%)	
7160	TEMPORARY	71,000	0	(71,000)	(100.0%)	Rate is unchanged from FY14 - 0.14% FY2014 is final year/payment All in 8180-Contractual Services
7165	SHIFT DIFFERENTIAL	0	17,000	17,000	100.0%	
7199	DEFAULT PAYROLL	59,263	0	(59,263)	(100.0%)	
SUBTOTAL - PERSONAL SERVICES		9,774,859	10,027,976	253,117	2.6%	
7260	SUPPLIES	1,405,307	1,138,079	(267,228)	(19.0%)	Per exhibit Per exhibit Per exhibit GVRBA had \$633K increase in FY'15 and other contracts had \$301K decrease Per exhibit Per exhibit
7300	POSTAGE	1,950	1,950	0	0.0%	
7680	CLOTHING	22,836	23,441	605	2.6%	
7800	INVENTORY - COST OF GOODS SOLD	0	30,000	30,000	100.0%	
8140	COMPUTER SERVICES	313,079	312,158	(921)	(0.3%)	
8150	311 Call Center Services	67,768	29,328	(38,440)	(56.7%)	
8160	ENGINEERING SERVICES	48,553	60,653	12,100	24.9%	
8180	CONTRACTUAL SERVICES	6,221,781	6,517,200	295,419	4.7%	
8355	CLAIMS	374,478	268,520	(105,958)	(28.3%)	
8450	INSURANCE PREMIUMS	210,198	203,321	(6,877)	(3.3%)	
8500	TELEPHONE	124,843	58,770	(66,073)	(52.9%)	Calculated at 4% Water billing service Per exhibit Amount is to cash fund sewer projects
8510	Employee Phone Reimbursement	0	4,278	4,278	100.0%	
8800	COMMUNITY PROMOTION	200	206	6	3.0%	
9000	PRINTING & PUBLISHING	12,750	14,368	1,618	12.7%	
9210	ELECTRICITY	2,591,051	2,451,980	(139,071)	(5.4%)	
9220	WATER	55,594	37,394	(18,200)	(32.7%)	
9230	NATURAL GAS	228,346	258,829	30,483	13.3%	
9300	MAINTENANCE SERVICE	521,584	485,709	(35,875)	(6.9%)	
9310	HOME REPAIR	100,000	150,000	50,000	50.0%	
9410	BUILDINGS RENTALS OR LEASE	21,347	22,407	1,060	5.0%	
9420	EQUIPMENT RENTALS OR LEASE	1,291,982	1,472,671	180,689	14.0%	
9430	LAND RENTAL OR LEASE	7,500	7,500	0	0.0%	
9440	VEHICLE USAGE/CAR MILEAGE	11,917	12,917	1,000	8.4%	
9550	PROFESSIONAL DEVELOPMENT	20,880	27,697	6,817	32.6%	
9552	OTHER TRAVEL & TRAINING	68,000	78,400	10,400	15.3%	
9554	LOCAL BUSINESS EXPENSE	5,800	5,806	6	0.1%	
9556	MEMBERSHIPS	17,995	18,025	30	0.2%	
9558	SUBSCRIPTIONS AND PUBLICATIONS	4,780	4,806	26	0.5%	
9610	FEES	26,575	26,575	0	0.0%	
9622	REFUSE COLLECTION CHARGES	3,360	11,860	8,500	253.0%	
9750	FURNITURE	14,000	14,000	0	0.0%	
9760	EQUIPMENT	197,000	250,062	53,062	26.9%	
9950	INTEREST & PAYING AGENT FEES	12,779,776	12,333,583	(446,193)	(3.5%)	
9960	APPROPRIATION LAPSE	(1,036,000)	(1,080,000)	(44,000)	4.2%	
9990	OPERATING TRANS OUT-SUBSIDIES	1,933,471	2,156,684	223,213	11.5%	
9992	OPERATING TRANSFERS-A87 COST	635,371	760,851	125,480	19.7%	
9993	OPERATING TRANS-CAPT PROJECTS	60,000	4,799,000	4,739,000	7898.3%	
SUBTOTAL - OTHER EXPENDITURES		28,364,072	32,969,028	4,604,956	16.2%	
RECEIVING/OPERATIONS Total		38,138,931	42,997,004	4,858,073	12.7%	

Talking Points

Expenditures

9950	INTEREST & PAYING AGENT FEES	12,779,776	12,333,583	(446,193)	(3.5%)
9993	OPERATING TRANS-CAPT PROJECTS	60,000	4,799,000	4,739,000	7898.3%
RECEIVING/OPERATIONS Adjusted Total		25,299,155	25,864,421	565,266	2.2%



City of Grand Rapids

City of Grand Rapids Assessment (Phase 1 – 3) and SCADA Preliminary Design

EXECUTIVE SUMMARY

Version 1

DRAFT

January 10, 2014



2355 West Highway 36, Suite 200
Saint Paul, MN 55113-3819

1.0 PROJECT SUMMARY

The City of Grand Rapids Enterprise Services Department is undertaking a series of projects to achieve the following goals:

- Improve organizational alignment through a collaborative process that involves employees and management.
- Analyze workforce effectiveness/structure and make recommendations for improvement.
- Identify and prioritize opportunities for improvement at the task level.
- Provide design assistance to implement all recommendations.

A baseline competitive assessment and gap analysis comparing Grand Rapids to leading operations and maintenance best practices was completed in April 2012. The baseline assessment investigated the competitiveness of core water and wastewater functions within Water Production, Wastewater Treatment and Field Operations, as well as customer service, meter operations, and back office administrative tasks.

This assessment builds on the recommendations identified in the gap analysis to prepare an implementation plan for the City of Grand Rapids to follow to achieve the improvements it needs to make to achieve its goals. It includes a workforce analysis phase to investigate current operations in detail, a redesign phase that identifies and prioritizes opportunities for improvement, and a series of implementation recommendations.

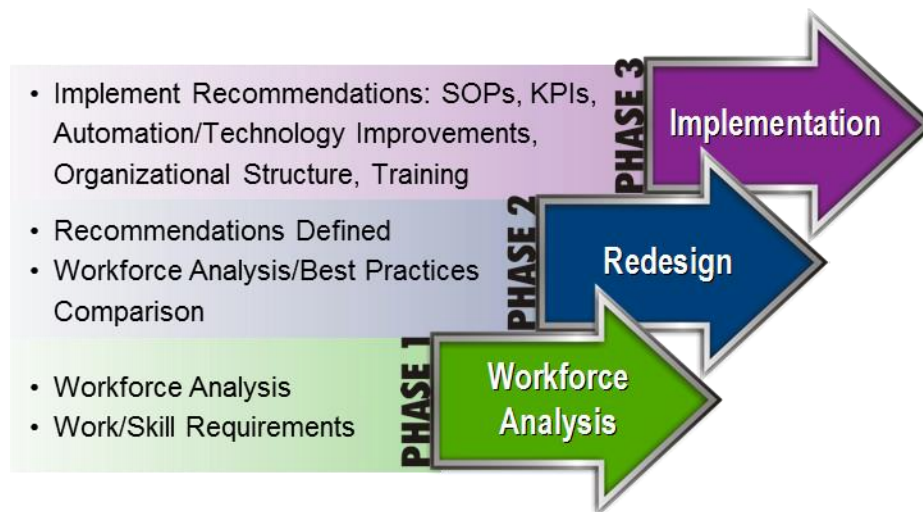


Figure 1.1: Assessment Phases

The workforce analysis phase included review of existing documentation, investigation of work orders available from the City Works and Maximo work management systems used by Field Operations and Wastewater Treatment, and interviews with Enterprise Services Department staff

from each department that gathered detailed information about their responsibilities and the frequency and duration of the various types of tasks they perform.

In the redesign phase, opportunities for more efficient or effective operations were prioritized and presented to Enterprise Services Department management. Potential savings and improvements associated with each of the prioritized opportunities and constraints that could impact implementation were discussed. Finally, the recommendations were refined and an implementation plan and timeline was developed.

1.1 Organization Analysis

The organization analysis found that significant improvements and savings had been achieved since the baseline assessment was completed. Several of the recommendations from the baseline have been implemented. An integrated Operator/Maintainer position has been established in the ESD wastewater treatment plant and a Planner/Scheduler position was established. New supervisory positions have been created to provide for succession planning and increase the effectiveness of some work groups. Additional training has been provided and new shift schedules have been implemented to reduce overtime costs.

Significant savings have been achieved through consolidation of inventory management and elimination of obsolete or redundant inventory. Both Water and ESD have continued to look for opportunities to reduce staff and by July 2013, there were nine unfilled vacancies and a net reduction of seven positions since early 2012, for a real savings of \$ 1,740,000 per year.

A major reorganization of the Utility Business Office has resulted in the reduction of 12 positions. Two key enablers of this reorganization included the implementation of the Cayenta Utilities Customer Information System (CIS) and shifting incoming customer call responsibility to the City's 311 Contact Center. The Department now pays an annual fee for the 311 support. However, the net savings from Fiscal Year 2011 is approximately \$700,000 per year.

Key opportunities for additional ongoing savings have been identified in equipment, physical spaces, energy, utility, and chemical savings, as well as through the workload analysis and organizational redesign.

1.2 Organization Redesign

A detailed workload analysis of all Water and ESD work groups was conducted. Information was gathered through interviews with staff and data available from the Maximo and Cityworks work management systems. A staffing analysis tool was used to compare the available time for work against estimates of tasks performed, their frequency and duration. Consideration of the workload analysis results along with a framework of nine utility best practices yielded 52 opportunities to increase efficiency and/or effectiveness by eliminating, reducing, shifting tasks to others or redesigning the way the work was being completed. These opportunities for improvement, along with anticipated benefits and potential cost savings, were reviewed with Grand Rapids Enterprise Services management. After considering organizational constraints, the list was refined to focus on the following priority opportunities:

-
- Combining the Lake Michigan Filtration Plant (LMFP) and the Coldbrook Pumping and Distribution (CPD) operations;
 - Combining maintenance of the LMFP, the Allendale Booster Station, the transmission mains and the CPD infrastructure;
 - Creating a group of shared resources to perform specialized maintenance functions for equipment and technologies used by both the Water System and Environmental Services, including maintenance planning and scheduling;
 - Further consolidating the sewer repair and water field operations functions (this initiative is already underway);
 - Continuing to develop the Operator/Maintainer function within Environmental Services (this initiative is already underway);
 - Continuing to develop the Planner/Scheduler function across the Water System and Environmental Services (this initiative is already underway);
 - Reducing the number of Operations Supervisors in Environmental Services;
 - Reducing the number of Collection System Asset Technicians working on the sanitary collection system (this initiative is already underway);
 - Reducing the number of Chemists working in Environmental Services.

If all of these organizational changes are implemented, the associated operating savings are anticipated to be about \$ 3,110,000 per year. When considered along with the savings already achieved by Grand Rapids Enterprise Services management, and the anticipated savings associated with reductions in inventory, equipment, energy and chemicals, this adds up to about \$ 6,065,000 in annual savings.

1.3 Implementation

Implementation of organizational change on the scale contemplated in the organizational redesign requires careful change management planning, communication, and engagement of staff at all levels of the organization.

New and updated Standard Operating Procedures (SOPs) will be required for several key functions. Key Performance Indicators (KPIs) currently being developed by Grand Rapids Enterprise Services management will guide the implementation process to ensure the goal of improving efficiency without compromising service levels and regulatory requirements is met.

For the redesign to be successful, work groups must be supported with new technologies and be able to gain increased value from existing technologies. Specific technology improvements will include:

- Improving the efficiency of the payroll system and procedures as the new Financial Management System is implemented;

-
- Improving the efficiency of the Web Procure purchasing system;
 - Consolidating and replacing the Water control systems and introducing more automated and optimized operations;
 - Standardizing and updating the ESD control system, including improving communication to lift stations and introducing more automated and optimized operations;
 - Converting LMFP and Pumping and Distribution maintenance management to Maximo;
 - Using Maximo and City Works to manage inventory for Water and field operations, including meter maintenance;
 - Improving the use of work management systems for planning and scheduling;
 - Eliminating duplication between Maximo and City Works and between City Works and the Cayenta Customer Information System;
 - Enhancing data collection within the Maximo and City Works systems to facilitate asset management;
 - Implementing a new Laboratory Information Management System (LIMS);
 - Developing an enterprise wide system for automated regulatory reporting and internal performance measure reporting; and
 - Improving access to critical documents.

A detailed staffing plan along with a series of interim organizational structures is presented in Section 3.4.4. The organizational changes expected to be caused by the implementation of each recommendation are illustrated, along with the supporting projects and initiatives needed to implement each step successfully. A summary of the needed one-time investments in practice and technology changes is provided in Section 3.5.

As a result of staff changes that have already occurred, as well as the new technologies and practices being introduced and the significant organizational changes being proposed in the Staffing Plan, Grand Rapids Enterprise Services has significant training needs. These needs include:

- Cross training and cross certification of Water System operations staff;
- Cross training of Water System maintenance staff;
- Cross training of specialized maintenance staff to prepare them to work in either the Water System or ESD facilities;
- Cross training of field operations staff to allow them to work on water or sewer tasks;
- Supervisory training and leadership development and
- Training on new work management practices and new technologies.

1.4 SCADA Preliminary Design

A preliminary design has been prepared for a single consolidated SCADA system for the Distribution System and Water Treatment Plant with a combined control at the Water Plant. The preliminary design defines the system architecture, modes of operation, reporting requirements, integration requirements, and future costs expected for the implementation of the systems. The approach developed for the definition of the new SCADA system included:

- Implementing a less attended control room
- Meeting the requirements for development of the advanced modes of operation for efficient use of energy, chemical, and labor; and
- Continuing to meet all regulatory requirements.

The preliminary opinion of costs for the new SCADA system is \$ 3.3 million over three years.

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: March 10, 2014

TO: UAB Members

FROM: Nicole Pasch, Business Manager

SUBJECT: ACSET GUIDELINES

After legal review of the ACSET-ICB Contract 2012-2014 it was noted that the assistance program Eligibility Guidelines are contractual in "Attachment A General Framework" (see attached); therefore, on behalf of the City of Grand Rapids the Utility Business Office (UBO) is unable to move forward with the recommended supplemental guidelines presented in the memorandum dated December 16, 2013. ACSET will continue under the contracted guidelines until the contract expires or is extended as amended.

Attachment as stated

NNP

ATTACHMENT A

ACSET

Individual Circuit Breaker Assistance Program

General Framework (01/1/12 – 12/31/14)

Eligibility Requirements:

- For the amount allocated each year, at least 85% of funds distributed must be to applicants at or below 200% of poverty level and up to 15% of funds may be distributed at 250% of poverty level in accordance with annually adjusted Federal Poverty Income Guidelines. Income is calculated 30 days forward including the date of application. The determination of eligibility must be completed each time a client requests service, providing the client has not been determined eligible within the prior 30 days. The applicant must be a 100% property owner (100% Principal Residence Exemption on the Tax Bill) or legal tenant and must live at the address for which the water bill is issued.
- Assistance does not apply to non-residential properties.
- Applicants may be sent to the Department of Human Services for Water Bill Assistance.
- Applicant must be a user of the Water System and/or Sewer System within the City of Grand Rapids and Customer Communities as described in Third Amendment to Water and Sanitary Sewer Service Agreement with Customer Communities. "Customer Communities" include the following: Cascade Charter Township (Kent County, Michigan, a Michigan charter township), Grand Rapids Charter Township (Kent County, Michigan, a Michigan charter township), parts of City of Kentwood (Kent County, Michigan, a Michigan municipal corporation), Tallmadge Charter Township (Ottawa County, Michigan, a Michigan charter township), the City of Walker (Kent County, Michigan, a Michigan municipal corporation), Wright Township (Ottawa County, Michigan, a Michigan general law township).
- The applicant must have a utility payment responsibility. Assistance will be issued on a first come, first serve basis by appointment.
- The applicant must provide a copy of the City of Grand Rapids Water and Sewer Utility bill in applicants' name.
- If unemployed, the client will be referred to the MI Works Employment Service Center. Proof of registration is not required.
- Funds may be used for households whose emergency needs exceed SER payment maximums and for households who have not met required payments.
- Funds should be coordinated with local agencies, to the extent possible.
- Funds may be available on a one time basis, subject to individual case evaluation, not to exceed \$1,000 per calendar year per single household. In special hardship cases a household may be considered for additional funds.

Eligible Activities: Payment of water and sewer bills.

Ineligible Activities: Cannot pay reconnect fees or deposits.

*It is the intent of this program that payments are made only if they resolve the household's emergency. Payment will only be authorized when the payment will restore or continue the household's water service for at least 30 days.

Agencies with additional questions can contact Sherrie Gillespie at (616) 336-4113. Please do not give this number to clients.

Intake Locations, by Appointment only
West Side Complex - 336-4180
Northeast Complex - 336-7740
Southeast Complex - 336-4000

**Water/Sewer UAB Report
February 2014**

Project Name	Contractor	Award Date	Substantial Completion Date	Final Completion Date	Water Fund Authorized NTE Amt	Sewer Fund Authorized NTE Amt	Est. Year for Rates	Integrated (Y/N)
CIPP Lining of Storm and Sanitary Sewers at Various Locations – Contract 2013	Utility Services Authority, LLC	2/11/2014	12/31/2014	1/15/2015		\$ 977,000.00	2015	Non-Integrated